

## ***Strategic Goal Two: A Secure Workforce***

Secretary Herman's key priorities for this strategic goal are to increase compliance with minimum wage and overtime requirements, ensure that working Americans are economically secure when they retire, provide more pensions for women and employees of small businesses, provide better access to health care, and facilitate community readjustment in those areas suffering from economic change by shortening periods of unemployment and increasing full-time jobs and wage replacement.

### ***Pension and Welfare Benefits Administration (PWBA)***

Only about half of all full-time workers in the private sector have pension coverage. Three-quarters of workers in businesses with fewer than 100 employees are not covered by a pension plan. Increasing access to the private pension system and assuring that private pensions, health, and other employee benefits are secure and properly administered are major priorities of Secretary Herman.

The Pension and Welfare Benefits Administration (PWBA) is responsible for the administration and enforcement of Title I of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and certain portions of the Federal Employee Retirement System Act of 1986 (FERSA). PWBA's mission is to promote and protect the pension, health and other benefits of

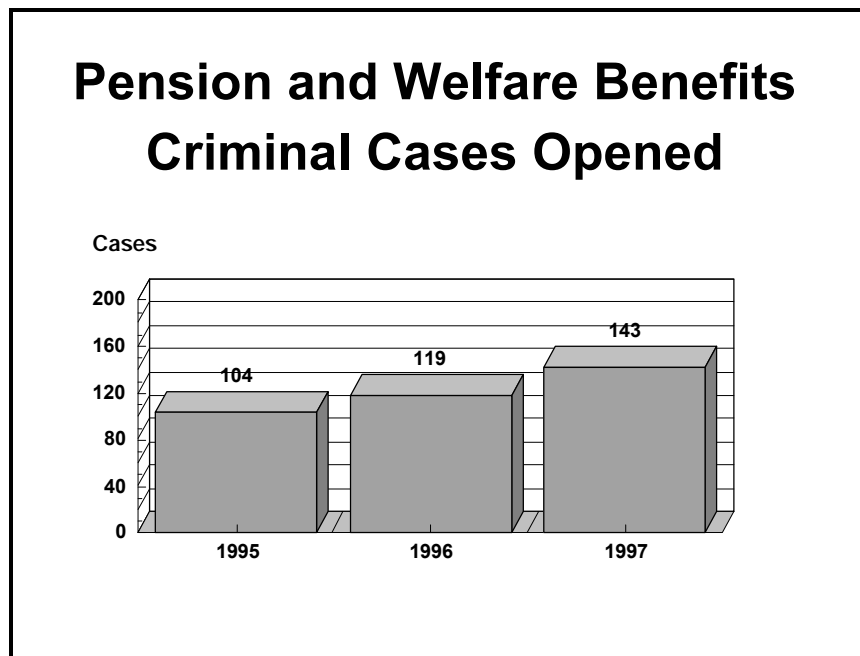
### ***In this Section...***

**Pension and Welfare Benefits Administration (PWBA)**  
**Unemployment Insurance Program (ETA)**  
**-Completion of the Unemployment Trust Fund Accounting System**  
**-Unemployment Insurance (UI) State Trust Fund Accounting**  
**Assistance for Dislocated Workers (ETA)**  
**Trade Adjustment Assistance (ETA)**  
**Workers Compensation (ESA)**  
**-Federal Employees Compensation**  
**-Longshore & Harbor Workers Compensation**  
**-Coal Mine Workers**  
**Wage and Hour (ESA)**  
**-Wage & Hour s Back Wage System**  
**-Wage & Hour s Civil Monetary Penalties (CMP) System**  
**Labor/Management Standards (ESA)**  
**-Labor/Management Reporting & Disclosure (LMRDA) Program**  
**-Employee Protections Program**  
**Office of Administrative Law Judges (OALJ)**  
**Benefits Review Board (BRB)**  
**Office of Inspector General (OIG)**

over 150 million participants and beneficiaries in six million private sector employee benefit plans controlling more than \$3.5 trillion in assets.

During FY 1997, as part of the implementation of the Government Performance and Results Act (GPRA), PWBA revised and recast its original 5-year strategic plan. To set the foundation for the strategic plan, the agency established a preliminary set of performance measures. During this effort, PWBA reexamined its data collection efforts to ensure that the performance being measured and reported provided the most thorough and accurate picture possible of PWBA's accomplishments in protecting the employee benefits of the American people. Also included in the strategic plan are annual performance goals and objectives beginning in FY 1998. PWBA will report on its revised performance measures beginning with the FY 1998 consolidated financial statements.

Guided by its mission and strategic goals, PWBA continued to implement a number of successful programs in the important areas of safeguarding workers retirement, health and other benefits, and providing assistance to the public. PWBA prioritized efforts and allocated resources to implement programs within these functional areas in such a way that each program would complement the others by capitalizing on the interrelationships among its enforcement,



**Figure 4**

*The increase in the number of criminal cases reflects a continuing emphasis on meeting criminal enforcement responsibilities.*

reporting, compliance, and participant and planned assistance efforts.

In the area of customer service, PWBA introduced a number of public outreach and education initiatives. These efforts targeted workers as well as employers and professionals in the plan benefits community. The purpose was to raise public awareness of issues affecting security of retirement savings and to complement the enforcement program by providing workers with information to help them monitor their retirement savings.

PWBA's aggressive public outreach activities have proven to be successful in providing workers with the tools they need

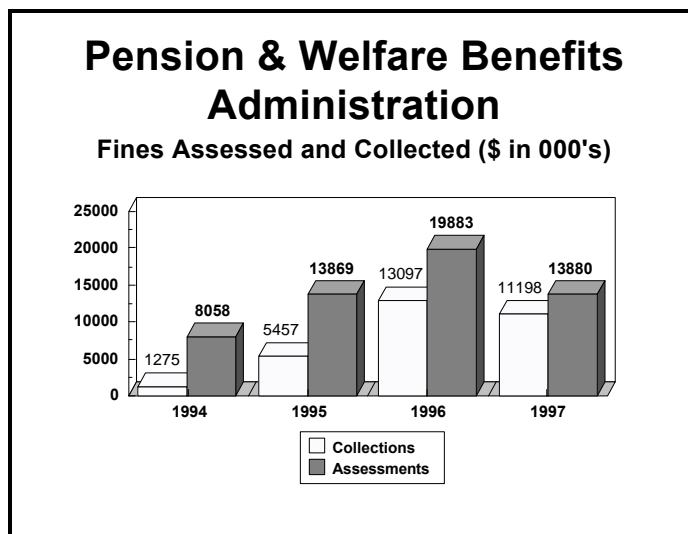
to be the “eyes and ears” for the agency’s enforcement program. For example, some of PWBA’s outreach efforts involving monitoring of plans by participants have especially benefitted PWBA’s nationwide enforcement effort to protect savings held in contributory retirement plans, most notably 401(k)-type plans.

This program is a continuation of an initiative launched in FY 1996, and has resulted in over 2,478 investigations and over \$33 million restored to these plans during FY 1997.

Overall, as a result of PWBA’s field enforcement efforts during FY 1997, monetary results to employee benefit plans (assets restored and prohibited transactions reversed) totaled approximately \$363 million, with approximately \$255 million achieved through voluntary compliance and \$108 million through litigation. During FY 1997, PWBA continued a number of other successful programs which were begun over the last few years. The Delinquent Filer Voluntary Compliance Program (DFVCP) continues to encourage compliance with certain reporting and

disclosure provisions of ERISA in exchange for reduced penalties.

During FY 1997 the agency received nearly 2,700 delinquent filings along with approximately \$8.1 million in penalty payments associated with this program.



**Figure 5**

*The civil penalty assessment program established in FY 1991 has collected nearly \$72 million since FY 1991, and significantly closed the gap between the amount of assessments versus collections.*

PWBA's 502(c)(2) civil penalty administrative hearing project, begun as a two-year pilot in 1995, completed its first full year as an ongoing agency program. The program better leverages DOL resources by assigning selected PWBA staff to represent the Department in routine civil penalty cases being heard before a

Administrative Law

Judge rather than referring these cases to the Office of the Solicitor.

During FY 1997, PWBA’s field offices and National Office together assessed civil

penalties totaling nearly \$13.9 million. The civil penalty assessment program was established in FY 1991 under provisions of ERISA Sections 502(c)(2), 502(I) and 502(l). Collections of assessed penalties since that time, including interest and other charges, total nearly \$72 million.

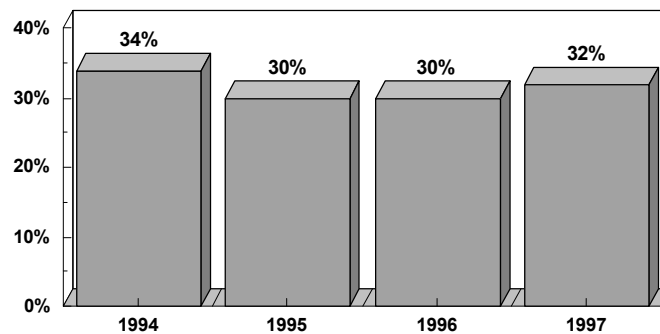
The Department will continue to pursue legislative action to bring to closure the long-standing issue regarding audits of employee benefit plans. Both the GAO and OIG have identified the limited scope of the audit provision of the Employee Retirement Income Security Act (ERISA) as a major program issue. In the judgment of the GAO and OIG, enactment of legislation to broaden the scope of certain pension plan audit requirements is needed. A proposal was transmitted to the 105th Congress and introduced as H.R. 2290. Hearings are scheduled on the bill in early FY 1998.

### ***Unemployment Insurance Program (ETA)***

The Unemployment Insurance (UI) program establishes the first economic line of defense for workers who lose their jobs through no fault of their own. Authorized by the Social Security Act of 1935, UI was created as a

## **Unemployment Insurance**

### **Percent of States Minimally Solvent**



**Figure 6**

*A minimally solvent State has enough money in its State trust fund account to pay one year of UI benefits, at the highest benefits level paid in its history, or its worst recessionary experience.*

means to alleviate personal hardship due to involuntary unemployment and to stabilize the economy.

The UI system is a unique Federal-State partnership based on Federal law, but executed through State law by State officials. It is funded through employer taxes that are maintained in the Unemployment Trust Fund. Basic benefits for unemployment compensation are financed by State taxes on employer payrolls, while benefit costs for ex-federal workers are reimbursed by Federal agencies. Program administration expenses are

financed through the collection of Federal Unemployment Tax Act (FUTA) by the Internal Revenue Service. During FY 1997, a total of \$2.225 billion was provided to the State Employment Security Agencies (SESAs) for administration of the UI program.

Claimants for UI benefits are provided services by 53 SESAs through the operation of approximately 1,800 local UI claims offices. These SESAs are responsible for both the payment of UI benefits and the collection of UI taxes from all liable/subject employers.

In FY 1997, the total unemployment rate averaged 5.1 percent while the insured unemployment rate averaged 2.0 percent. It is estimated that about 118 million workers were covered by the UI program, of which 7.6 million workers received cash benefits during the year.

The 53 State agencies collected \$22.2 billion in State UI taxes and reimbursable payments from 5.8 million liable subject employers,

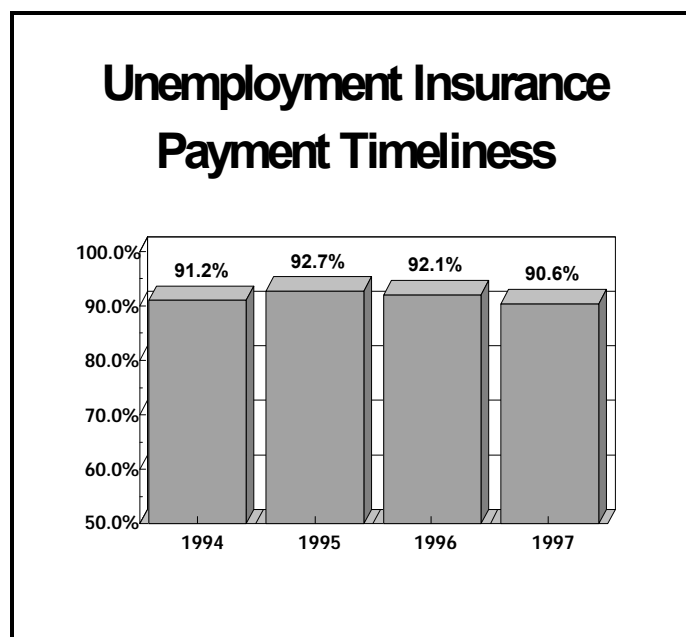
during FY 1997. They paid out \$20.6 billion in benefits under the Federal and State regular and extended benefits programs. Benefits were paid to first time intrastate claims within 14 days 90.6 percent of the time.

On an accrual basis, State and Federal tax revenues and reimbursements totaled \$27.2 billion in FY 1997. Accrued benefit payments and other expenses totaled \$24.3 billion during the same time period. At the close of FY 1995, the restated Unemployment Trust Fund accrued balance was \$48.7 billion. In FY 1996, it increased by \$5.3 to \$54.0. The FY 1997 ending balance of the UTF on a cash basis was \$63.1

billion.

### Completion of the Unemployment Trust Fund Accounting System

The Department has completed a major system development effort, correcting a long-standing audit issue. ETA had historically relied on untimely cash and



**Figure 7**  
*Employers Filing quarterly tax reports on a timely basis.*

accrual information maintained by the U. S. Treasury to manage the UI program.

From 1992 to 1995, the Department worked closely with the U. S. Treasury to develop procedures to obtain timely data from Treasury's general ledger. From 1995 to 1997, the Department assisted Treasury in the design, development, and implementation of a new Treasury/UTF accounting system which records all cash activity directly from the states' on-line request and payment systems. The detailed cash transactions are electronically transferred each month to control accounts of the Department's central accounting system (DOLAR\$) for matching with benefit payments and cost information provided by the states directly to Labor on the UIS on-line reporting system.

From 1994 to 1997, the Office of the Chief Financial Officer (OCFO) assisted ETA/UIS in the design, development, and implementation of the Financial Management Reporting System (FMRS) to extract the financial cost data from the UIS/States on-line reporting system for electronic transfer to (DOLAR\$). These individual systems in Treasury, the states, UIS, and DOLAR\$ were successfully linked electronically in 1997, completing corrective actions on a major financial management problem.

Recommendations to establish an accounting system for the Federal Employment Compensation (FEC) Account within the Trust Fund were also made. Management anticipates the integration of

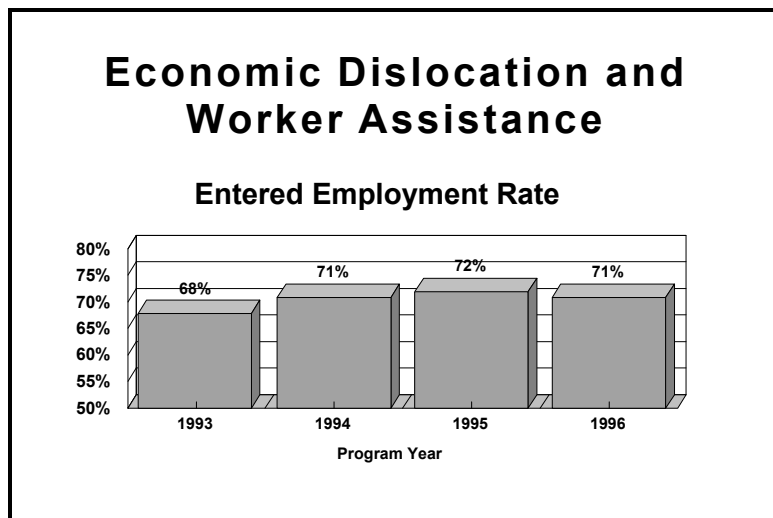
the FEC accounting system with the Department's general ledger to be completed by the end of FY 1998.

### **Unemployment Insurance (UI) State Trust Fund Accounting**

An OIG audit identified the need to improve the internal controls of trust fund accounting and reporting activities carried out by the States. This long-term project began in 1990. ETA has facilitated SESAs' efforts to improve their Unemployment Trust Fund (UTF) accounting systems by issuing guidance letters, providing technical assistance, and awarding direct funding for related automation grants, where applicable. ETA also implemented a revised automated reporting system that fully considered the interrelationships of the UTF financial reports and the states' accounting systems. These actions closed this material weakness in the Unemployment Trust Fund operations.

OIG audits and ETA monitoring activities have discovered that existing UTF cash management needs improvement to optimize State Employment Security Agency (SESA) cash management systems and ensure maximum benefits for the Employment Security Program and the UTF.

To date, ETA and Treasury have jointly implemented a new on-line system for the drawdown of funds and developed Cash Management Improvement Act (CMIA) regulations addressing the UTF. ETA will develop regulations governing unemployment fund cash management to complement the CMIA regulations.

**Figure 8**

*The Economic Dislocation and Worker Adjustment Assistance program is provided to States for dislocated workers.*

ETA needs supporting data to document that DOL's administrative charges to the UTF represent actual expenditures in accordance with the budget. While the implementation of instructions issued by the OCFO began in FY 1997, completion of the corrective action plan is dependent on all agencies proper implementation.

### ***Assistance for Dislocated Workers (ETA)***

Eighty percent of the appropriation under the Economic Dislocation and Worker Adjustment Assistance (EDWAA) program is provided to States through formula-funded block grants. The remainder of the funds are awarded to States, on an as needed basis, to enable them to respond to specific dislocation events, including defense and

Clean Air Act related dislocations, which they could not address with their existing resources. EDWAA funds are used to provide training and reemployment assistance to dislocated workers -- those losing jobs through plant closings and mass layoffs -- and unemployed individuals with little prospect of returning to their previous occupations. It is estimated that approximately 537,803 dislocated workers were served in PY 1996 up from 523,810 in PY 1995.

### ***Trade Adjustment Assistance (ETA)***

Trade Adjustment Assistance (TAA) provides job readjustment services, including skills and remedial training, job search, relocation assistance and income support to workers who lost their jobs because of increasing trade imports. In FY 1997, \$85.1 million was provided to the States. The money was used to enroll an estimated 23,119 workers in classroom or on-the-job training, and to pay job search allowances and relocation allowances to an estimated 388 and 626 individuals, respectively. An additional \$27.8 million was provided for similar assistance under the North American Free Trade Agreement, primarily for classroom or on-the-job training, for an estimated 3,910 workers.

An OIG audit identified the need for the TAA program to adopt clearly stated and defined program goals, objectives,

participant follow-up techniques, and related performance measures. Data are needed to properly evaluate the program and meet GPRA reporting requirements. ETA has published regulations providing guidance to the States for TAA eligible dislocated workers. The regulations also provide criteria for waiving the training requirement to determine worker eligibility for supplemental income support. ETA has also required its regional offices to review these practices in the states' programs. ETA will develop a system to collect data necessary for comparison of results against program goals and objectives.

### **Workers' Compensation (ESA)**

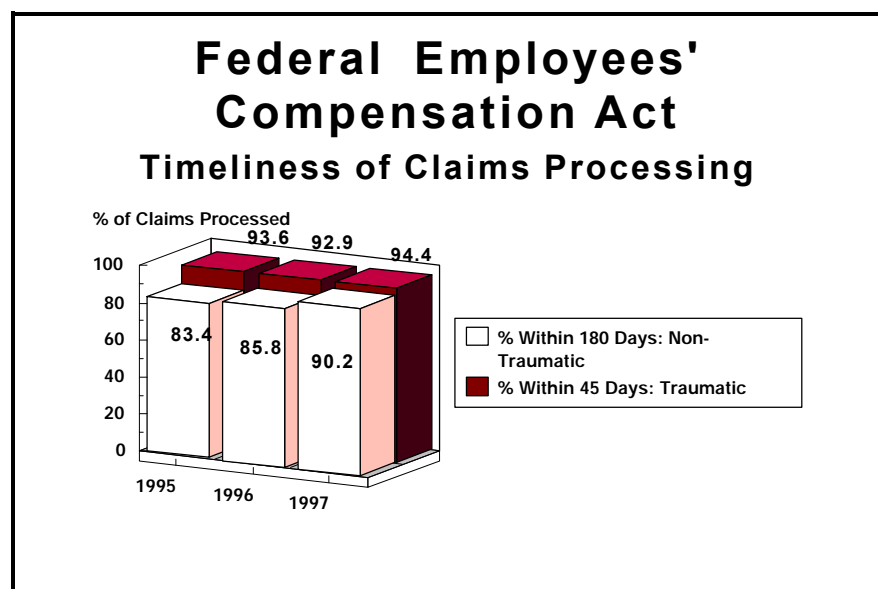
The Department administers three primary disability compensation programs that provide benefits to certain workers who experience work-related injury or disease, and survivors of employees who die from job-related injuries or diseases. Compensation for most private-sector workers suffering job-related injuries is administered by state agencies.

In FY 1997, the Department paid more than \$2.5 billion in medical and wage-loss benefits to 300,000 workers who had been

hurt or became ill on the job or to the survivors of those who died.

### **Federal Employees' Compensation**

The Federal Employees' Compensation Act (FECA) affords income and medical-cost protection for job-related injuries, diseases or deaths of civilian employees of the



**Figure 9**

*Percentage of traumatic cases processed within 45 days and for non-traumatic cases processed within 180 days.*

Federal government and certain other groups. Benefits are charged back to Federal employers, who pay from funds appropriated in their annual budgets or from operating revenues. In FY 1997, FECA received 173,319 Federal employee injury reports, 2,000 fewer than in FY 1996. Of this number, most were adjudicated in a timely manner—94.4 percent of traumatic injuries within 45 days, and 90.2 percent of the nontraumatic injury cases within 180

days--an improvement over FY 1996 when adjudications were 92.9 percent and 85.8 percent, respectively.

In FY 1997, the FECA program continued the Periodic Roll Management Project (PRM) which was aimed at quality management of the disability roll, improvement in service to long-term disabled beneficiaries, rehabilitation and reemployment of the partially disabled and adjustment of benefits to accurately reflect eligibility. In FY 1997, PRM project teams in four district offices screened another 3,900 long-term cases, bringing the total count of cases screened since April 1992 to over 40,000. By the end of FY 1997, 30 percent of those cases had benefits adjusted or terminated. Continuing cumulative savings from these actions compounded over the five-year period totaled \$246 million.

In response to OIG financial statement audit findings, ESA has modified the FECA actuarial liability model and is in the process of documenting the model and adopting a formal review system to validate results. The OIG audit also noted that improvements could be made to the FECA Bill Payment System at the district office level to ensure that medical bills are keyed correctly, that bypass codes are being properly utilized, and that procedure code modifiers are being entered properly. Also, improvements are scheduled to ensure that medical bills receive adequate review prior to payment. ESA has requested funding in FY 1999 to make these and other processing improvements and effect considerable savings in the FEC program.

The OIG has noted that improvements could be made in obtaining earnings statements from the Social Security Administration and recommended that ESA continue to pursue a periodic automated case match with the Social Security Administration. The audit also identified the need for timely posting of data in the system used to account for billings to other Federal agencies for Federal Workers Compensation benefits paid by DOL on their behalf. A corrective action plan has significantly decreased this timing variance. A FECA policy to effectively monitor monthly reporting also needs to be developed.

### **Longshore and Harbor Workers' Compensation**

The Longshore and Harbor Workers' Compensation Act provides medical benefits, compensation for lost-wages and rehabilitation services for job related injuries, diseases or death of private-sector workers in certain maritime and related employment. Benefits are paid directly from private funds by an authorized self-insured employer or through an authorized insurance carrier. In certain cases, benefits are paid from a special fund composed primarily of employer contributions and administered by the Department. In FY 1997, about 91,000 maritime workers or their survivors received benefits from employers. This is an increase of 2,000 over FY 1996. Another 7,684 workers received compensation benefits from the Longshore Special Fund, up from

7,100 last year. During FY 1997, 80.7 percent of informal conferences were held within the required 45 days, an increase from 79.7 percent reported in FY 1996. Timeliness is measured from the date the requests are received by Longshore.

Longshore has scored consistently well above its own internal timeliness goal for processing conference requests.

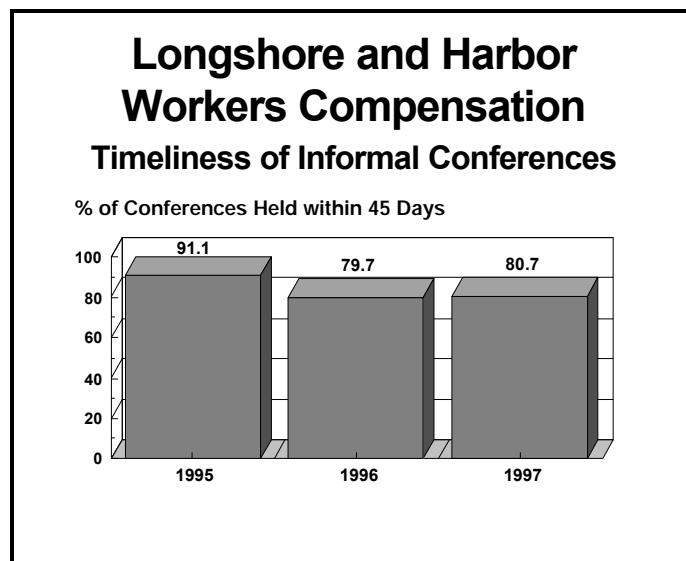
The OIG financial statement audit identified weaknesses in the internal controls for the reporting and authorization of payments to rehabilitation service providers. The weaknesses

pertain to the controls between the District Offices' submission of bills and the National Office authorization for payment, and resulted in fraudulent payments to fictitious vendors. An automated system is being developed which will improve controls in this program.

### Coal Mine Workers

The Black Lung Benefits program provides monetary compensation and medical and survivor benefits to coal miners who are

totally disabled by pneumoconiosis caused by their employment. When no responsible mine operator can be assigned liability, or when coal mine employment ceased before 1970, benefits are paid from the Black Lung Disability Trust Fund.

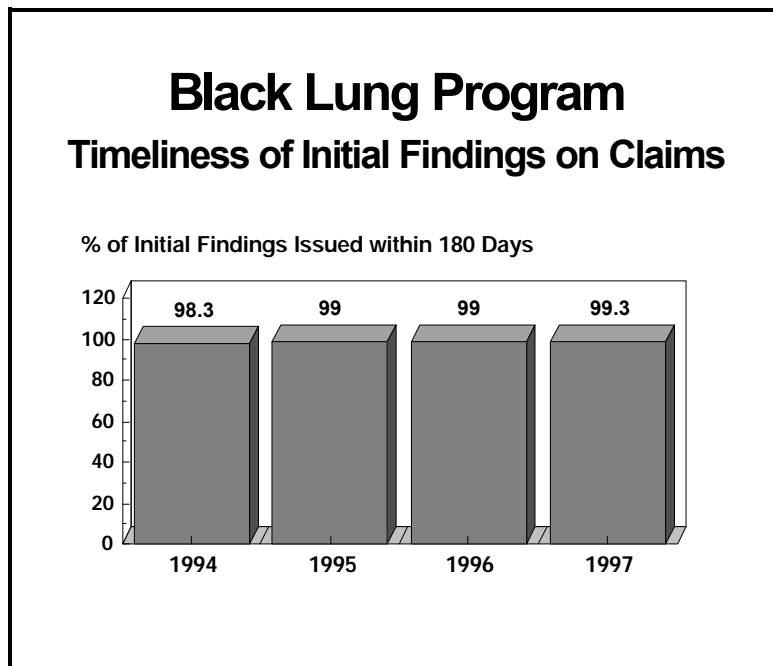


**Figure 10**

*The program goal is to complete informal conferences within 45 days of a party's request for a conference.*

The Black Lung Benefits program provided monthly benefits to 61,447 (down from 64,501 last year) beneficiaries while 15,195 beneficiaries received medical benefits only. In FY 1997, the program continued its high level of performance by issuing 98.7 percent of initial findings on claims on a timely basis.

A technical issue was raised in the audit of the Trust Fund's financial statements. The OIG has asserted that the rates of interest charged on advances to the Trust Fund are not in compliance with the *Black Lung Benefits Revenue Act of 1977*, as amended. The Act requires interest rates to be based on the average rate borne by obligations of the United States. For advances after 1981, the average rate should be based only on obligations whose remaining period to

**Figure 11**

*This measure requires that newly filed and refiled claims for benefits be adjudicated, and initial findings issued, within 180 days of receipt of the claim.*

maturity is comparable to the anticipated maturity for the Black Lung advances.

The OIG noted that interest rates used both before and after the 1981 amendments were based on the rate charged for 15-year obligations. The interest rate for post-1981 advances should have been limited to those obligations with comparable maturity periods, which the OIG believes to be 30-year obligations since the program will not be in a position to repay the loans in less than 30 years. ESA disagrees with the OIG position and plans no further action since the issue is limited to determining the appropriate methods of intragovernmental transfers between the General Fund and the

Trust Fund--a function performed by the Department of the Treasury.

An OIG audit noted that several assumptions used by the Black Lung actuarial model had not been updated recently or should otherwise be reviewed to determine if changes are necessary. ESA has agreed to review and revise elements of the actuarial model including age distribution, new entrant assumptions, and mortality table updates.

### ***Wage and Hour (ESA)***

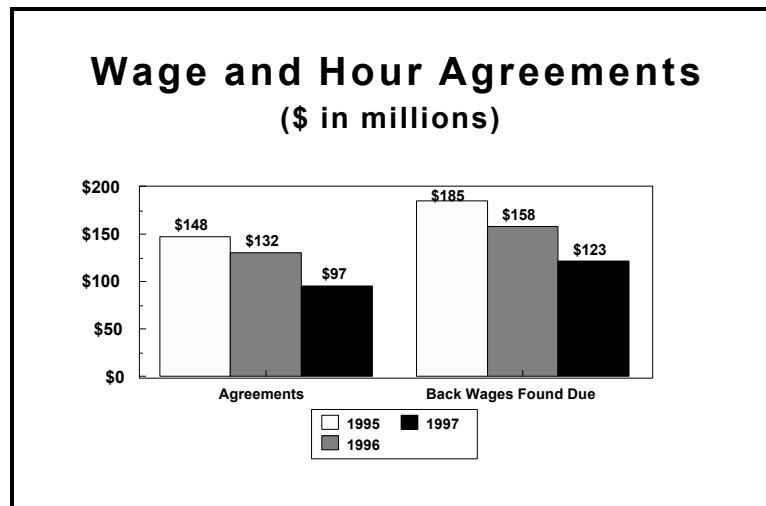
The Wage and Hour Division administers and enforces a wide range of laws that collectively cover virtually all private, state and local government employment. In FY 1997, Wage and Hour conducted 35,940 compliance actions under the Fair Labor Standards Act (FLSA) and 1,622 Government Contract actions. The number of compliance actions completed in FY 1997 is, for the most part, less than in FY 1996 on an Act by Act basis. However, Wage and Hour has increased education/outreach

efforts which contributes significantly to voluntary compliance.

Wage and Hour's strategic plan includes efforts to measure the impact of both direct enforcement (compliance actions) and education/outreach on rates of compliance in particular industries or industry sectors. Employers agreed to pay 78.9 percent of the monetary findings under the FLSA and government contract programs in FY 1997. While this rate is less than last year (the recovery rate of 83.1 percent in FY 1996 was the highest since FY 1991), it compares favorably with recovery rates over the previous four years. For example, the recovery rate has fluctuated from 76.5 percent in FY 1993, to 81.4 percent in 1994, and to 79.1 percent in FY 1995. Agreements to pay totaled \$96.7 million compared to \$122.6 million in monetary findings.

### Wage and Hour's Back Wage System

OIG financial statement audits previously noted that the Wage and Hour Division (WHD) did not maintain sufficient control over information recorded in the back wage subsidiary system (Back Wage Collection and Disbursement System, BCDS), and that certain policies and practices exercised by the regional offices precluded the use of this system as a reliable subsidiary for back wages. The OIG audit found that BCDS transactions were not recorded accurately, timely and were not complete. Of the 299



**Figure 12**

*Wage and Hour Division administers and enforces a wide range of laws that collectively cover virtually all private, state and local government employment.*

case files selected for testing, 119 (or 39 percent) were either misstated, or the validity of the case could not be determined. In OIG's FY 1997 audit, additional recommendations were made pertaining to the need for WHD to reconcile cash activity recorded in the general ledger with that recorded in the BCDS subsidiary system; however, back wage cash activity remained unreconciled in FY 1997 and the problems noted in previous years continued to exist.

Under the provisions of various labor standards laws, back wages are determined and collected by ESA for remittance to the affected employees or, if the employees cannot be located, to the U.S. Treasury. Back wages collected are held in a special deposit account for a period of time

prescribed by law, after which they revert to Treasury.

Although WHD has revised its policies on the period of time before reverting funds to Treasury, as of September 30, 1997, there was approximately \$4.3 million on deposit that had not been distributed to employees (primarily from the San Francisco and Philadelphia regions), and should have reverted to the U.S. Treasury

### **Wage and Hour's Civil Monetary Penalties (CMP) System**

A FY 1993 audit recommended that WHD install a CMP tracking system which would function as a subsidiary for CMP activities and receivable balances. A new CMP system was substantially installed in FY 1997, closing a major finding, but WHD has not yet completed the system reports or general ledger interface with the Department's central accounting system. The most recent audit of the new system detected misstatements in the CMP accounts receivable balances, caused primarily by incorrect or incomplete data entry. This included cases where contested CMPs were incorrectly recorded as accounts receivable. Of the 159 cases selected for testing, 94 (or 59 percent) had one or more errors. Beginning balances were not correctly recorded in the new system, and many cases with beginning balances were not reviewed to determine the amount, if any, which represented a valid CMP receivable. Consequently, receivables which existed in the prior year were not sufficiently accounted for when the new system was

implemented. ESA is developing estimates for capitalization of this system.

### ***Labor/Management Standards (ESA)***

The Office of Labor-Management Standards (OLMS) administers and enforces provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), as amended and related laws which protect union democracy, financial integrity, and certain rights of union members. Through its Statutory Programs unit, OLMS also administers the employee protection provisions of the Intermodal Surface Transportation Efficiency Act and the Airline Deregulation Act's Airline Rehire Program.

In administering the LMRDA program, OLMS has three primary statutory-based goals: (1) to ensure that the reports required of unions and others under the law are available for public disclosure; (2) to resolve union member complaints concerning union officer elections and other matters pertaining to safeguards for union democracy, as required by the law; and (3) to protect union financial integrity by enforcing safeguards established in the law.

In administering responsibilities of the Department of Labor under Federal transit law, the OLMS Statutory Program unit ensures that fair and equitable arrangements protecting mass transit employees are in place before the release of Federal transit grant funds.

**Labor/Management Reporting and Disclosure (LMRDA) Program**

The provisions of the LMRDA and related laws administered and enforced by OLMS apply primarily to private and Federal sector labor unions, union officers and employees, employers, and labor relations consultants. OLMS is responsible for enforcement programs covering approximately 35,000 labor organizations.

In FY 1997, to ensure democracy and fiscal integrity in labor organizations OLMS completed 329 criminal investigations, 42.6 percent of which were referred for prosecution. There were 128 indictments and 132 convictions resulting from OLMS criminal investigations referred for prosecution, primarily union funds embezzlement cases. At the end of FY 1997, 163 additional criminal cases were pending at the Department of Justice or with local prosecutors and 266 such cases were pending completion in OLMS field offices. OLMS also completed 419 compliance audits in intermediate body or local unions, and one in an international union to uncover union funds embezzlement and other violations of the LMRDA. OLMS conducted a greater number of compliance audits in FY 1996 (500). The reduced number of those audits in FY 1997 is indicative of particular case priorities during the year rather than a change in enforcement strategy.

OLMS processed approximately 36,849 reports filed by labor unions, union officers, union employees, employers, labor consultants and surety companies and made

those reports available for public disclosure. OLMS processed 28,605 requests for labor organization reports in response to approximately 7,857 disclosure requests.

In the civil enforcement area, OLMS received and investigated 152 union officer election complaints; supervised remedial officer elections in 35 labor unions; and investigated 27 union member complaints alleging improper imposition of a trusteeship. The 152 union officer election complaints are significantly fewer than the 194 investigated in FY 1996. OLMS is required by law to investigate all union member complaints filed by union members under the LMRDA. The agency has no control over the number of complaints it receives from year to year. The reduction in selection complaints received in FY 1997 in comparison with the prior year is not viewed as a trend.

**Employee Protections Program**

The Employee Protection provisions of the Intermodal Surface Transportation Efficiency Act require that arrangements be made to protect certain rights of mass transit employees affected by federal grant funds used for the acquisition, improvement, or operation of a transit system. The OLMS Statutory Programs unit is responsible for assuring the protection of approximately 311,500 transit workers nationwide.

To ensure that the required protections were in place in FY 1997, Statutory Programs completed a total of 942 urban transit program certification actions, 96 percent of which were completed within 60 days of

referral, and 500 rural transit program certification actions. The office also processed 201 claims submitted by individuals and/or unions alleging violation of the terms and conditions of employee protections certified by the agency. The number of urban transit program certifications, 942, is significantly lower than the 1,200 reported in FY 1996. This difference in number does not represent a drop in workload but a variance in the way the certification actions were counted. The Division is currently reviewing methodology used to compute these numbers to achieve a standardized reporting of results for the future. The way in which the certifications were counted also applies to the number of claims processed from 73 in FY 1996 to 201 in FY 1997.

In addition, staff of the Statutory Programs unit responded to approximately 100 program inquiries in connection with the Airline Rehire Program established pursuant to the Airline Deregulation Act.

### ***Office of Administrative Law Judges (OALJ)***

The Office of Administrative Law Judges conducts hearings under more than 80 separate statutes and Executive Orders, contributing to each of the Secretary's three strategic goals. Hearings are required to be conducted in accordance with the Administrative Procedures Act, which requires the application of the principles of due process similar to civil cases heard in federal or state courts.

Objectives are established along with appropriate case disposition goals in the budget process in each of the program areas. In addition to adjudicatory responsibilities in the Black Lung and Longshore programs, the OALJ also performs this function in Traditional and Immigration programs.

The Traditional Program involves a wide variety of cases that fall within the Department's jurisdiction. Traditional cases include grant cases under the Job Training and Partnership Act; enforcement and debarment proceedings in Davis-Bacon and Service Contract Act cases; compliance enforcement in Fair Labor Standards Act cases; restitution and remuneration in Office of Federal Contract Compliance Programs (OFCCP) cases involving allegations of discrimination based on race, sex or handicap status; whistleblower cases under the Energy Reorganization Act, other environmental statutes, and the Surface Transportation Act; and a wide variety of other issues.

The Immigration Program involves the appeals by employers of denials of labor certification of aliens to work in specific jobs within the United States for which a qualified U.S. citizen cannot be found.

Performance goals for the OALJ are measured by the number of case disposition achieved per program as established at the beginning of each fiscal year. For FY 1997, OALJ's goal was 6,762 cases; 7,243 were achieved.

In addition to case management, OALJ has made improvements in other aspects of its operation. Materials for the OALJ home page on the Internet have been increased to over 12,000 total documents. The OALJ home page is a first class product that is of great benefit to people who need to learn about OALJ processes or do research in the case areas described above. OALJ has issued an updated version of the Black Lung Desk Book which is widely utilized by the practicing bar. Finally, the use of an alternative dispute resolution (ADR) program continues to expand and be accepted by the parties to OALJ cases.

### ***Benefits Review Board (BRB)***

The Benefits Review Board (BRB) reviews and decides appeals which raise substantial questions of law or fact from OALJ decisions. The cases involve claims for compensation filed pursuant to the provisions of the Black Lung Benefits Act and the Longshore and Harbor Workers' Compensation Act and its extensions. The Board also receives a small percentage of appeals under these Acts directly from the Office of Workers' Compensation Programs (OWCP).

The workload of the Board is divided into two categories - Black Lung and Longshore. The Board began FY 1997 with 1,012 pending Black Lung appeals and 399 pending Longshore appeals. At the end of FY 1997 there were 1,189 pending Black Lung appeals and 348 pending Longshore appeals.

The Board established performance measures for the first time for FY 1997. The primary goal was to issue dispositions in both of its jurisdictional areas, on average, within 12 months of an appeal being filed with the Board. The actual average time for dispositions of 1,232 Black Lung appeals was 11.31 months; for Longshore appeals, 10.95 months for 539 dispositions. The Board ended the Fiscal Year with no backlogs of work.

The Board also issued 10,523 non-final orders, disposed of 696 petitions for attorney fees, and decided 372 motions for reconsideration during FY 1997. In addition, the Board responded to 3,023 inquiries from parties to appeals and/or individual Congressmen or Senators.

The Board also completed a physical move to the Department of Labor headquarters building during FY 1997.

### ***Office of Inspector General (OIG)***

The OIG worked to achieve its goal to help workers and retirees by safeguarding workplace employment, unemployment, and disability benefits and enhancing DOL's effectiveness in administering related programs.

For example, the OIG identified \$ 73 million of unreported real property in SESA real property and questioned \$8.2 million in related costs. The OIG also continued to identify and investigate fraud against the UI program through the fictitious employer or other fraudulent schemes. In the pension

benefits area, the OIG recommended that PWBA enforce reporting and disclosure requirements for Direct Filing Entities. In the FECA disability compensation program, a potential loss of \$7 million was identified because of improper payments to medical providers.

Through its labor racketeering program, the OIG continues to work to achieve its goal of reducing the influence of organized crime and labor racketeering in unions and the workplace. In FY 1997, the OIG continued to identify, target and investigate investment brokers and plan administrators who have ties to organized crime and who abuse or defraud union pension funds. The OIG also continued efforts to remove associates of organized crime from some of the Nation's largest labor unions by using the RICO statute. The OIG has worked very closely with court-appointed monitors in these RICO cases to remove corrupt officials from unions and help restore democratic representation for their membership.